

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 NEA-09 /117 W

----- 058045

R 072217Z MAY 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 6953

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

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E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: XCSS MAY 6-7: COMMENTS ON RENEWAL OF TRADE  
PLEDGE

FOLLOWING IS TEXT OF "COMMENTS" TO ACCOMPANY RENEWAL  
OF TRADE PLEDGE AGREED UPON BY XCSS MAY 6-7. BRACKETED  
PORTION OF PARAS 1 AND 2 WERE ACCEPTED AD REFERENDUM  
BY AUSTRALIA. PARA 6 WAS ACCEPTED AD REFERENDUM BY THE  
US AND SWITZERLAND.

BEGIN TEXT:

IN RENEWING THE DECLARATION OF 30TH MAY, 1974, FOR  
A PERIOD OF ONE YEAR AS FROM 30TH MAY, 1975, THE GOVERN-  
MENTS OF THE OECD COUNTRIES NOTED THE FOLLOWING COMMENTS  
WHICH SUPPLEMENT THOSE WHICH ACCOMPANIED THE ADOPTION OF  
THE DECLARATION LAST YEAR AND ILLUSTRATE THE SPIRIT IN  
WHICH THEY INTEND TO CONTINUE ITS IMPLEMENTATION.

1. APART FROM THE PERSISTENCE OF BALANCE-OF-PAYMENTS  
PROBLEMS AND INFLATION, THE DECLINE IN ECONOMIC ACTIVITY  
AND EMPLOYMENT (AND INCREASED STRUCTURAL PROBLEMS) GIVE  
GROUNDS FOR CONCERN. THE PRESENT DIFFICULTIES ARE  
AFFECTING INDIVIDUAL COUNTRIES DIFFERENTLY, LEADING IN  
SOME CASES TO EXCEPTIONAL PRESSURES ON THE BALANCE OF  
PAYMENTS. BUT THEIR GENERALIZED CHARACTER INCREASES  
THE DANGER THAT UNILATERAL MEASURES TO COPE WITH THEM  
IN THE FIELD OF TRADE AND OTHER CURRENT TRANSACTIONS  
MIGHT START CHAIN REACTIONS AND MAKE THE GENERAL SITU-  
ATION WORSE. THE JOINT UNDERTAKING TO AVOID UNILATERAL  
ACTION OF THIS KIND IS MORE NECESSARY THAN EVER.

2. IN ORDER TO CONTRIBUTE TO THE GENERAL AIMS OF THE  
DECLARATION, ACTIVE USE SHOULD BE MADE OF THE PROCEDURES  
FOR CONSULTATION WITH REGARD TO TRADE AND OTHER CURRENT  
TRANSACTIONS. (FURTHERMORE, WHEN SEVERAL COUNTRIES ARE  
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CONFRONTED WITH THE SAME STRUCTURAL OR SECTORAL PROBLEMS,  
AD HOC CONSULTATIONS COULD FACILITATE THE PURSUIT OF  
POSITIVE AND MUTUALLY ACCEPTABLE SOLUTIONS.)

3. (EXPORT CREDITS: TO BE DRAFTED IN THE LIGHT OF THE  
RESULTS OF FORTHCOMING DISCUSSIONS ON THE CONCLUSION OF  
A GENTLEMAN'S AGREEMENT.)

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ACTION EUR-12

INFO OCT-01 EA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

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CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 NEA-09 /117 W

----- 058160

R 072217Z MAY 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 6954

INFO AMEMBASSY ANKARA

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4. THE OECD FINANCIAL SUPPORT FUND WILL PROVIDE BACK-  
ING FOR THE APPLICATION OF THE DECLARATION AND WILL  
COMPLEMENT THE DEFENSES ERECTED AGAINST THE DANGERS OF  
THE PRESENT SITUATION.

5. THE PRESENT SITUATION REQUIRES A HIGH DEGREE OF  
ECONOMIC COOPERATION. THERE HAS BEEN A MARKED DIFFER-  
ENCE IN THE BALANCE OF PAYMENTS SITUATION OF THE MEMBER  
COUNTRIES OF THE OECD. ECONOMIC MEASURES TAKEN BY  
CERTAIN MEMBER COUNTRIES HAVE BEEN WELCOMED; IN THE  
PRESENT SITUATION OF THE WORLD ECONOMY IT REMAINS OF  
THE HIGHEST IMPORTANCE TO FOLLOW AN ECONOMIC POLICY  
WHICH COMBATS INFLATION BUT IS ALSO AIMED AT MAINTAIN-  
ING A HIGH LEVEL OF EMPLOYMENT AND EXPANSION OF WORLD  
TRADE. THE WAY IN WHICH THIS POLICY SHOULD BE  
IMPLEMENTED MUST TAKE ACCOUNT OF THE RESPECTIVE SITUA-  
TION OF MEMBER COUNTRIES.

(6. TRADE DIFFICULTIES HAVE BEEN CAUSED FOR SOME  
COUNTRIES BY EXCHANGE RATE FLUCTUATIONS WHICH DO NOT  
REFLECT UNDERLYING COMPETITIVE TRADE POSITIONS.  
CONSULTATION ON THIS PROBLEM SHOULD BE CONTINUED IN  
THE APPROPRIATE BODIES.)

7. THE PROBLEMS OF DEVELOPING MEMBER COUNTRIES HAVE  
BEEN IN MANY RESPECTS AGGRAVATED IN THE COURSE OF THE  
LAST YEAR, AND DESERVE TO BE TAKEN INTO CONSIDERATION  
WITH PARTICULAR ATTENTION WITHIN THE ORGANIZATION. END  
TEXT

NOTE: PARENTHESIS INDICATE BRACKETS IN TEXT.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXT, DIPLOMATIC DISCUSSIONS, TRADE AGREEMENTS, MEETING REPORTS, FOREIGN POLICY POSITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975OECDP11686  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750161-0147  
**From:** OECD PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750573/aaaacozf.tel  
**Line Count:** 214  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03 APR 2003 by ElyME>; APPROVED <07 APR 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** XCSS MAY 6-7: COMMENTS ON RENEWAL OF TRADE PLEDGE  
**TAGS:** ETRD, OECD  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006